RESOLUTION No. 27-2008

Whereas, the City of Reading desires that the Redevelopment Authority of the City of Reading perform certain services on its behalf; and

Whereas, the Redevelopment Authority of the City of Reading desires that the City of Reading provide certain services and benefits to it in return for its provision of services to the City of Reading;

Whereas, the City of Reading and the Redevelopment Authority of the City of Reading have determined that a certain Operating Agreement between them is in their best interests; now, therefore,

The Council of the City of Reading hereby resolves as follows:

That Mayor Thomas M. McMahon be authorized to execute the Operating Agreement between the City of Reading and the Redevelopment Authority of the City of Reading (attached as Exhibit A) on behalf of the City of Reading.

Passed Council

President of Council

Attest:

City Clerk

OPERATING AGREEMENT BETWEEN THE CITY OF READING AND THE REDEVELOPMENT AUTHORITY OF THE CITY OF READING

This Operating Agreement, dated as of March ______, 2008, between the City of Reading, a Pennsylvania municipal corporation, organized and existing under the Optional Home Rule Charter Law, having a business address of 815 Washington Street, Reading, Berks County, Pennsylvania (the "City").

AND, the Redevelopment Authority of the City of Reading, a Pennsylvania urban redevelopment authority, organized and existing under the Pennsylvania Urban Redevelopment Act, having a business address of 815 Washington Street, Reading, Berks County, Pennsylvania (the "Authority").

BACKGROUND

WHEREAS, the Authority has been incorporated pursuant to an ordinance of the Council of the City and is existing under provisions of Pennsylvania urban redevelopment law; and

WHEREAS, the Authority, by virtue of the Pennsylvania urban redevelopment law, has power and authority, among other things, to acquire property by gift, purchase or condemnation; to create urban redevelopment areas; to designate redevelopers in urban redevelopment areas; to enter into redevelopment contracts for the development of parcels owned by it; to assist the City with its community development projects; and to obtain financing and grants for use in conjunction with urban redevelopment projects.

WHEREAS, the City, for and in consideration of the covenants, conditions, agreements and stipulations of the Authority hereinafter expressed, desires that the Authority perform certain services on its behalf; and

WHEREAS, the Authority desires that the City provide certain services and benefits to it in return for its provision of services to the City; and

WHEREAS, the parties hereto desire to set forth the terms and conditions under which the Redevelopment Authority of the City of Reading will perform certain services and functions on behalf of the City of Reading.

NOW, THEREFORE, the Authority and the City, in consideration of the agreements, conditions and covenants herein contained, each intending to be legally bound, covenant and agree as follows:

ARTICLE I. DEFINITIONS

- SECTION 1.1 The terms defined in this Section 1.1 for all purposes of this agreement, as defined herein, shall have the meanings herein specified, unless the context clearly otherwise requires:
- (a) Administrative Expenses means any and all administrative expenses of the Authority occurred in connection with the day to day management and day to day

administration of the Authority, including, without limitation, compensation and expenses of officers and staff of the Authority; printing, advertising, postage, engineering, architectural and auditing fees and expenses; fees and expenses of any authorized depository; fees and expenses of the Authority's professional advisors; and other items of general administrative expense incurred by the Authority related to operations of the Redevelopment Authority.

- (b) <u>Board</u> means the governing body of the Authority.
- (c) <u>Commonwealth</u> means the Commonwealth of Pennsylvania.
- (d) <u>Council</u> means the governing body of the City of Reading.
- (e) <u>Debt Service Expenses</u> means all costs and expenses in connection with any debt of the Authority now existing or hereafter incurred in connection with the redevelopment of portions of the City including principal, interest, redemption price, paying agent expenses, and any and all other expenses incurred by the Authority, directly or indirectly, in connection with any such debt.
- (f) <u>Fiscal Year</u> means the fiscal year of the Authority as provided by the laws of the Commonwealth.

ARTICLE II. DUTIES OF THE REDEVELOPMENT AUTHORITY

- SECTION 2.1 The Redevelopment Authority agrees and covenants to carry out community redevelopment, economic development and related activities in the City of Reading on behalf of the City of Reading.
- SECTION 2.2 The Redevelopment Authority covenants and agrees to acquire properties in slum or blighted areas in the City of Reading for community redevelopment on behalf of the City of Reading.
- SECTION 2.3 The Redevelopment Authority agrees and covenants to acquire real property in the City of Reading when necessary to eliminate unhealthful, unsanitary, or unsafe conditions; lessen density; eliminate obsolete or other uses detrimental to the public welfare; or otherwise to remove or prevent the spread of blight or deterioration or to provide land for needed public facilities on behalf of the City of Reading.
- SECTION 2.4 The Redevelopment Authority covenants and agrees to disseminate community redevelopment information to potential redevelopers of property in the City of Reading on behalf of the City.
- SECTION 2.5 The Redevelopment Authority agrees and covenants to assist potential redevelopers of properties in the City of Reading with the formation of their plans to redevelop portions of the City; obtaining grant funding and federal, state or county loans which may be available for said projects and navigation of the City's subdivision and land development process on behalf of the City of Reading.
- SECTION 2.6 The Redevelopment Authority covenants and agrees to borrow money and to apply for and accept advances, loans, grants, contributions, and any other form of financial assistance from the federal government or the state, county or other public body or from

any source, public or private, to carry out the above responsibilities; provided, however, that (a) the terms thereof must be reasonably acceptable to the Board and satisfactory under applicable law and (b) the City shall, in each case upon the Board's request, assume a direct, contractual obligation to pay the associated Debt Service Expenses.

ARTICLE III.

DUTIES OF THE CITY OF READING

- SECTION 3.1 The City of Reading hereby agrees to reimburse the Redevelopment Authority the sum of One Hundred Twenty Thousand and 00/100 dollars (\$120,000.00) per year, to be paid quarterly in Thirty Thousand and 00/100 (\$30,000.00) installments, for a portion of the costs associated with employment of an executive director and the completion of the duties which the Redevelopment Authority has covenanted to complete on behalf of the City of Reading pursuant to this Agreement. Reimbursements to be made by the City of Reading can be made through the aforementioned monetary donations or in-kind services to the Redevelopment Authority and shall include the following, but are not limited thereto:
- (a) The salary of the executive director which shall be set by the Redevelopment Authority from time to time in consultation with the City of Reading and approved by the City of Reading as part of its annual budgetary process.
- (b) The Automobile currently in utilized by the executive director of the Redevelopment Authority shall be sold by the City to the Redevelopment Authority at its current Kelly Blue Book Price given it's make, model, year and mileage. The City will continue to insure said automobile, fuel said automobile at its current fueling station and maintain said automobile at its garage the cost of which the Redevelopment Authority shall Reimburse the City.
- (c) The reasonable costs of the Redevelopment Authority and the Executive Director of same incurred as a result of entertaining potential redevelopers and marketing the City to them.
- (d) Medical and fringe benefits for the Executive Director of the Redevelopment Authority comparable to the same medical and fringe benefit received by the City of Reading employees.
- (e) The City of Reading will, at no expense to the Redevelopment Authority, provide administrative support staff to the Executive Director of the Redevelopment Authority for the accomplishment of the Redevelopment Authority's duties as set forth herein. The Administrative expenses to be reimbursed to the Redevelopment Authority by the City Shall include, but not be limited to the following:
 - (i) Stationery and supplies.
 - (ii) Printing, advertising and postage.
 - (iii) Auditing and accounting services .
 - (iv) Legal services.
 - (v) Telephone, facsimile and computer hardware and services.

- (vi) The City of Reading shall pay for or reimburse the Redevelopment Authority for all administrative expenses as defined herein which are not covered or attributable to the project costs of an ongoing redevelopment project. However, the City of Reading's monetary reimbursement to the Redevelopment Authority shall be limited to One hundred Twenty Thousand and 00/100 dollars (\$120,000.00) per year, to be paid to the Redevelopment Authority on a quarterly basis in the amount of Thirty Thousand and 00/100 dollars (\$30,000.00) per quarter. The estimated cost of each of the above services is estimated and set forth in exhibit "A", attached hereto.
- SECTION 3.2 The City of Reading shall provide office space, totaling approximately Eight Hundred Square Feet (800 sq. ft.), to the Redevelopment Authority and the Redevelopment Authority's Executive Director within a municipally owned building at a location to be determined by the Mayor or Managing Director of the City.
- SECTION 3.3 The City shall provide the Redevelopment Authority Board with appropriate office space to hold its Board meetings within a municipally owned building at no cost to the Redevelopment Authority.
- SECTION 3.4 The City shall keep current and accurate records with respect to the Redevelopment Authority's finances and have an audit made of the same annually, to be submitted to the Authority.

ARTICLE IV. JOINT COVENANT OF THE CITY AND THE REDEVELOPMENT AUTHORITY

SECTION 4.1 The City and the Redevelopment Authority covenant and agree to make their respective personnel available to one another in such a manner as may be mutually determined to be in the best interests of furthering the expeditious and effective completion of the redevelopment goals of the City and the Authority.

ARTICLE V. MISCELLANEOUS

- SECTION 5.1 The City agrees to review the Redevelopment Authority budget for each fiscal year and to provide any recommendations it may have to the Authority, no later than the thirtieth (30th) day preceding the first day of each fiscal year.
- SECTION 5.2 The City and the Redevelopment Authority shall perform their obligations and duties under this Agreement in a competent and businesslike manner and shall exercise due care, diligence and control in connection with the costs, fees and expenses related to such performance so that the City of Reading will receive the benefits accruing from the proper and efficient operation of the Redevelopment Authority.
- SECTION 5.3 The Authority shall keep on file with the City, at all times, complete and current copies of all resolutions, including amendments, supplements and/or revisions, adopted by the Authority in any manner pertaining to the redevelopment of portions of the City of Reading and performance of this Agreement.
- SECTION 5.4 Upon termination of this Agreement, the Authority and the City, promptly, but in no event more than sixty (60) days after the date of such termination, shall make

final settlement with respect to this Agreement and each shall do whatever properly and reasonably shall be necessary to effectuate and ensure an orderly transition.

SECTION 5.5 If any provision hereof shall be held to be invalid, such invalidity shall not affect any other provision hereof, and the remaining provisions hereof shall be construed and shall be enforced as if such invalid provision had not been contained herein.

ARTICLE VI. TERM

The term of this Agreement shall be for a period of two (2) years and shall terminate at the conclusion thereof.

ARTICLE VII. TERMINATION OF AGREEMENT

Either party may terminate this Agreement by providing the party of the other part with ninety(90) days written notice of its intention to terminate the same. Ninety days prior to the expiration of this Agreement the parties shall begin the process of negotiating and discussing terms and conditions for a new agreement or an extension or amendment to this current Agreement.

ARTICLE VIII. APPLICABLE LAW

This Agreement shall be deemed to have been made in the Commonwealth of Pennsylvania and shall be governed and construed in accordance with the laws of the Commonwealth of Pennsylvania. Any disputes hereunder shall be submitted to the Berks County Court of Common Pleas or the United States District Court for the Eastern District of Pennsylvania.

ARTICLE IX. NOTICES

Notices, demands or requests required or permitted to be made pursuant to, under or by virtual disagreement must be in writing and mailed, postage pre-paid, by certified or registered mail, return receipt requested or delivered by Federal Express or other reputable overnight delivery service providing written evidence of delivery, or by hand-delivery addressed as follows:

If to City:

City of Reading

c/o Managing Director 815 Washington Street Reading, PA 19601

with a copy to:

City of Reading c/o City Solicitor 815 Washington Street Reading, PA 19601

If to Authority:

Redevelopment Authority of the City of Reading

c/o Executive Director 815 Washington Street Reading, PA 19601 with a copy to:

Barley Snyder LLC

c/o Timothy G. Dietrich, Esquire

P.O. Box 942

501 Washington Street, 5th Floor

Reading, PA 19603-0942

Such notices, demands or requests shall be deemed to have been given and delivered on the earlier of the date of actual receipt thereof or (i) if delivered by Federal Express or other reputable overnight delivery service, on the business day next succeeding the date on which the same was delivered by the sender to such courier for overnight delivery, or (ii) if by United States certified mail, as of three (3) business days after the date of mailing. Either party may change the address to which such notices, demands or requests shall be mailed hereunder by written notice of such new address served on the other party in accordance with the provisions of this Section. Notice given by legal counsel on behalf of any party shall be deemed to be given by such party.

ARTICLE X. **AMENDMENTS**

This Agreement may not be amended or modified except in writing executed by the parties hereto, after approval by the Board and the Council.

ARTICLE XI. **ENTIRE AGREEMENT**

This Agreement constitutes the entire understanding of the parties concerning the subject matter hereof and no representations, inducements, promises or agreements, oral or otherwise, not embodied herein shall be of any force or effect.

ARTICLE XII. COUNTERPARTS

This Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one in the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

By:

REDEVELOPMENT AUTHORITY OF

THE CITY OF READING

CITY/OF)READING

By:

Title:

EXHIBIT "A"

Redevelopment Authority Financial Obligations

AMOUNT	CITY COST	RRA Cost
		- 144 COST
	-	
		
		
3,500.00		-
\$209,032.72	\$120,000.00	\$89,032.72
		95,000.00 32,000.00 3,600.00 42,732.72 1,700.00 2,000.00 12,500.00 16,000.00 3,500.00